

Message Text

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PAGE 01 STATE 012849
ORIGIN TRSE-00

INFO OCT-01 ARA-06 ISO-00 EB-07 /014 R

DRAFTED BY TREAS:POSUCHMAN:MH
APPROVED BY EB/OT/STA:JSSPIRO
EB/FTD:WBREW
ARA/BR:TSHUGART
EB/OT/STA:MHGOLDMAN

-----192328Z 104093 /66

P 192209Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY BRASILIA PRIORITY

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E.O. 11652: N/A

TAGS: ETRD

SUBJECT: COUNTERVAILING DUTIES ON COTTON YARN

REF: BRASILIA 10466, DECEMBER 22, 1976

1. FOLLOWING IS LETTER FROM TREASURY SECRETARY SIMON
TO FINANCE MINISTER SIMONSEN IN RESPONSE TO SIMONSEN
LETTER TRANSMITTED BY REFTEL. SIMON LETTER IS DATED
JANUARY 13, 1977. ORIGINAL IS BEING POUCHED. TEXT
FOLLOWS:

DEAR MARIO:

I HAVE RECEIVED YOUR LETTER, TRANSMITTED TO ME BY CABLE
OF DECEMBER 22, 1976, REGARDING THE COUNTERVAILING DUTY
INVESTIGATION OF COTTON YARN FROM BRAZIL AND THE POSSI-
BILITY OF A WAIVER IN THIS CASE. WE ARE NOW IN THE
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PROCESS OF EVALUATING THE DATA ON THE LEVEL OF TAX
INCENTIVES BEING UTILIZED BY THE BRAZILIAN COTTON YARN
EXPORTERS. I NOTE THAT THIS DATA HAS ONLY BEEN RECEIVED
WITHIN THE PAST SEVERAL WEEKS, AND THAT OUR PRELIMINARY
ANALYSIS INDICATED THE EXISTENCE OF BOUNTIES OR GRANTS
IN THE 16 PERCENT - 20 PERCENT RANGE.

AS YOU ARE AWARE A FINAL DETERMINATION IS NOT REQUIRED IN THIS INVESTIGATION UNTIL MARCH 9. GIVEN THE NEED FOR US TO CONSULT WITH APPROPRIATE AGENCIES OF THE U.S. GOVERNMENT, THE AFFECTED U.S. INDUSTRY, AND APPROPRIATE MEMBERS OF THE CONGRESS BEFORE DETERMINING WHETHER THE WAIVER CRITERIA HAVE BEEN MET, AND IN VIEW OF THE FACT THAT WE HAVE NOT YET COMPLETED OUR ANALYSIS OF ALL THE DATA SUBMITTED IN SUPPORT OF AND IN OPPOSITION TO THE WAIVER, I WILL NOT BE IN A POSITION TO MAKE A DECISION ON THIS MATTER IN THE NEXT FEW DAYS. THE TREASURY DEPARTMENT WILL CONTINUE TO CONSIDER YOUR REQUEST AND YOU CAN EXPECT A SUBSTANTIVE RESPONSE IN THE NEAR FUTURE.

WITH EVERY BEST WISH FOR THE NEW YEAR,

SINCERELY YOURS,

(SIGNED BILL)

WILLIAM E. SIMON

2. EMBASSY SHOULD POINT OUT TO GOB THAT WHILE SIMON FELT HE COULD NOT GRANT WAIVER GIVEN TIME FACTOR AND NECESSITY OF FULLY CONSULTING WITH INTERESTED PARTIES, CONGRESS, ETC., THE ISSUE WILL BE BROUGHT TO THE ATTENTION OF SECRETARY-DESIGNATE BLUMENTHAL WHEN FINAL DETERMINATION IS CONSIDERED.

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3. FYI ONLY -- INITIAL TREASURY SOUNDINGS SHOW STRONG OPPOSITION BY INTERESTED INDUSTRY AND CONGRESSIONAL SOURCES REGARDING WAIVER. PRELIMINARY REACTIONS OF SOME EXECUTIVE BRANCH AGENCIES WERE ALSO NEGATIVE RE POSSIBILITY OF WAIVER BASED SOLELY ON PRESENT U.S.-BRAZILIAN TEXTILE AGREEMENT.

NOTWITHSTANDING THIS, WE ARE WILLING TO PURSUE THE

WAIVER POSSIBILITY WITH THE GOB IF IT IS INTERESTED. HOWEVER, IN LIGHT OF THE ABOVE OPPOSITION, GOB WOULD HAVE TO CONSIDER SOME OTHER STEPS, FOR INSTANCE, A SUBSTANTIAL REDUCTION IN THE PRESENT SUBSIDIES, IF WAIVER IS TO BE GRANTED. PRELIMINARY ANALYSIS SHOWS WEIGHTED AVERAGE SUBSIDY OF OVER 18 PERCENT ON THIS PRODUCT. END FYI ONLY.

4. WE WILL COMMUNICATE FURTHER WITH THE GOB ON THIS MATTER AS THE TIME FOR THE FINAL DETERMINATION GROWS NEAR.

KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COTTON, COUNTERVAILING DUTIES
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE012849
Document Source: CORE
Document Unique ID: 00
Drafter: POSUCHMAN:MH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770020-0712
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770136/aaaabfdj.tel
Line Count: 118
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 200408d4-c288-dd11-92da-001cc4696bcc
Office: ORIGIN TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BRASILIA 10466
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3555271
Secure: OPEN
Status: NATIVE
Subject: COUNTERVAILING DUTIES ON COTTON YARN
TAGS: ETRD
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vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/200408d4-c288-dd11-92da-001cc4696bcc
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